Leaving a Legacy

Understanding the Heart of a Specialty Manufacturing Business

Ultracast launched in the basement of an old Connecticut mill in 1984 to meet the prototyping and low-volume production needs of a local engineering firm. With more than 20 years of success behind it, the company was in need of some management and process restructuring. However, the owner had reached a stage in his life where he wanted the business to move up to the next level of success—without him.

ONE SUCCESS LEADS TO ANOTHER

Maynard Stowe's brother founded Ultracast to provide wave guides for an engineering company that delivered satellite communications products. The customer had been unable to find satisfactory low-volume production and prototyping services, and so Stowe and his brother established Ultracast to provide companies with full-service prototyping, pattern and tool making, casting, chemical coating, and machining capabilities.

Known for its ability to quickly turn customer designs into a prototype or low-volume production, Ultracast doubled its business each year for the first five years of its existence. After gaining a nationally known customer in 1988, business grew even more quickly. Soon Ultracast was providing low-volume production and prototyping services for microwave communications, scientific instruments, automotive, and consumer products.

SEEKING THE NEXT SUCCESSFUL TRANSITION

"My brother sold out to me in 2000 and my goal was to continue the business until my children graduated from college in 2008," said Maynard Stowe, owner of Ultracast. "I wanted less involvement in the business, yet it had reached the stage where it needed significant management restructuring to support the next level of growth. In 2006, I began to explore my options for selling the company."

Stowe had excellent shop floor managers in place, but none were in the position to buy the company. He initiated conversations with several business brokers, seeking a buyer that understood a specialty manufacturing company, valued the business and its employees, and had a long-term vision for its future.

"I understand the goals of a strict financial buyer," said Stowe, "but that wasn't what I wanted for my company and employees. You have to want to be in manufacturing, and you have to understand that a niche business like Ultracast must be opportunistic and able to quickly capitalize on new opportunities. Finding the right buyer was a challenge."

Stowe talked with 8 to 10 potential buyers, and received two offers that did not meet his minimum requirements. A third offer required that Stowe invest a significant amount of work into the business and make a five-year commitment to the buyer-which Stowe did not want to do.

MAKING A REASONABLE OFFER

"When the broker told me about Sanders Industries, I didn't think that a California company would be interested in a small company in Connecticut," said Stowe. "But I was willing to talk to them."

Stowe initially spoke with the Sanders team over the phone, and the meeting went well enough that the Sanders team arranged a visit. Stowe was impressed with the team's understanding of small, specialty manufacturing companies and he liked their approach to growing the business by focusing on customers that value specialty manufacturing services.

"I felt very comfortable with the Sanders team—more than any other potential buyers," said Stowe. "I received a letter of intent shortly after their visit and I was elated. The offer met my requirements and I was pleased with the offer and the way they handled it. I was extremely hopeful that the agreement would go through satisfactorily for everyone."

When Stowe received the letter of intent, he met with his key employees and told them about the impending sale and the buyer, reassuring them that the goal of the sale was to preserve the company's value and ensure its future. The Sanders team discreetly interviewed several managers and the transaction was completed expeditiously in May 2007.

"Frankly, I didn't know what to expect because I'd never sold a company before and it had been almost 30 years since I had worked for anyone," said Stowe. "It was extremely important to me that I could trust the company's buyer with my employees, and I feel that way with Sanders Industries."

LAUNCHING A NEW FUTURE

According to Stowe, the Sanders team has followed through exactly as they had promised. Daily operations continued much as before. The most noticeable difference has been that some processes and company reporting structures have been more formalized. Sales, marketing, and sales reporting processes have been systemized to better support the company's sales efforts as it seeks out new market and customer opportunities. And Stowe is grateful that he no longer must manage benefits plans and other time-consuming administrative aspects of the business.

"Sanders Industries has the long-term horizon, which is a very good thing for the company, the employees, and our customers. It gives our customers the ability to continue counting on us. It gives my employees continuity. The company now has the resources and structure that I was reluctant to invest at this stage in my life. And now I can look at a secure retirement."

Stowe expects to stay on a little longer as the full transition is accomplished, but he is eagerly anticipating the time when he can enjoy retirement to the fullest.

"I was ready," he said. "And if you asked me if I'd do it again—I would. In a heartbeat."